

Empty Pockets – Broken Hearts: An Unemployment – Marriage Dissolution Nexus in Canada

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In the last few decades, there have been several controversies about “how does unemployment affect divorce”. There are several mutually contrasting theories in this regard- some claiming that the higher the unemployment, the greater the financial insecurity, the lower the life amenities and thus the higher the rate of divorce. On the other side, some researchers focus on the negative relationship between unemployment and divorce. According to them, higher unemployment leads to vulnerable financial situation and added with the fact that divorces are costly, eventually divorce rate drops down. This paper sheds light on the relationship between unemployment and family dissolutions across provinces of Canada by using both aggregate and individual level data. The results obtained from the empirical work using both datasets are consistent for the male population, indicating that unemployment leads to divorce while for female, the results from aggregate level data show that the more female become unemployed, the lower the incident of divorce will be. Whereas the individual level data show that the probability of separation or getting divorce increases when female partner becomes unemployed, though the magnitude of the increase in the probability is lesser than that of the male partner.